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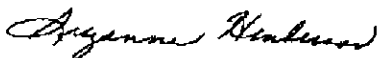
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10 Pages



Suzanne Henderson
OIL AND GAS LEASE
(Paid-Up Lease)

This Oil and Gas Lease (this "Lease") is made on this 5th day of January, 2009, between Azle Independent School District (hereafter called "Lessor"), whose address is 300 Roe Street, Azle, Texas 76020 and XTO Energy Inc. (hereafter called "Lessee"), whose address 810 Houston Street, Fort Worth, Texas 76102.

1. **Grant.** In consideration of Ten Dollars and other consideration in hand paid, Lessor grants and leases exclusively unto Lessee the land described in attached Exhibit A (the "Land") in Tarrant County, Texas, for the sole purpose of exploring, drilling, and producing oil and gas, laying pipelines and building roads and tanks thereon to produce, save, treat, process, store, and transport oil and gas and other products manufactured from oil and gas produced from the Land:

2. **Primary Term.** This Lease is for a term of 18 months from this date (called "Primary Term") and so long thereafter as oil or gas is produced from the Land in paying quantities.

3. **Minerals Covered.** This Lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons produced through a well bore.

4. **Royalty.** (a) As royalties, Lessee agrees:

(1) On oil and other liquid hydrocarbons produced and saved from the Land, to pay Lessor 1/4 (the "Royalty Fraction") of the market value at the point of sale of such oil or at Lessor's option, which may be exercised from time to time, to deliver free of cost to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected, the Royalty Fraction of all oil and other liquid hydrocarbons produced and saved from the Land.

(2) To pay to Lessor:

(i) On gas produced from the Land and sold by Lessee or used on or off the Land and to which the following subparagraphs (ii) and (iii) do not apply, the Royalty Fraction of the market value at the point of sale, use or other disposition.

(ii) On gas produced from the Land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the higher of the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(iii) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value at the plant of all processed liquids

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credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(b) The market value of gas will be determined at the specified location by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, or marketing, then the reimbursement or the deductions will be added to the total proceeds received by Lessee. Royalty will be payable on oil and gas produced from the Land and consumed by Lessee on the Land for compression, dehydration, fuel, or other use.

(c) Except as otherwise provided in subparagraph 2(d) below, Lessor's royalty will never bear, either directly or indirectly, any part of the costs or expenses of production, separation, gathering, dehydration, compression, transportation, trucking, processing, treatment, storage, or marketing of the oil or gas produced from the Land or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil or gas.

(d) If Lessee compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty shall not bear any of the costs associated therewith. If a third party that is not an affiliate of Lessee, compresses, transports, processes, or treats gas produced from the Land, Lessor's royalty will bear its proportionate share of costs and expenses associated therewith, but the price charged for compression, transportation, processing, and treatment shall not exceed the price that would be paid under similar circumstances in an arms-length transaction between unaffiliated parties.

(e) If gas produced from the Land is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and the contract provides for net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery to the purchaser, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale, subject to the provisions of paragraph 4(b) above.

(f) Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will only receive its Royalty Fraction of any payments made

for make-up gas taken pursuant to the take-or-pay provision or similar provision.

(g) Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 90 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of the Section 91.402 of the Texas Natural Resources Code or any similar statute.

(h) As used in this Lease, "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns more than ten percent of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent of the outstanding voting interest; or (ii) a corporation, joint venture, partnership, or other entity in which, together with Lessee, more than ten percent of the outstanding voting interests of both Lessee and the other corporation, joint venture, partnership, or other entity is owned or controlled by the same persons or group of persons.

(i) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all time hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

5. Shut-in Royalty. While there is a gas well on this Lease capable of producing in paying quantities, but gas is not being sold, Lessee shall pay or tender in advance an annual shut-in royalty of \$25 per Lease net mineral acre for each well from which gas is not being sold. Payment with respect to a well will be due within 120 days after the well is shut-in. While shut-in royalty payments are timely and properly paid, this Lease will be held as a producing lease. The right of Lessee to maintain this Lease in force by payment of shut-in gas royalty is limited to a period of two consecutive years. The obligation of Lessee to pay shut-in royalty is a condition and not a covenant. The payment or tender of royalty under this paragraph may be made by the check of Lessee mailed or delivered to the parties entitled thereto on or before the due date.

6. Continuous Operations. If at the expiration of the Primary Term, this Lease is not being held by production in paying quantities but Lessee is conducting operations on the Lease in an attempt to obtain production in paying

quantities, this Lease shall be maintained as to all depths for so long as such operations continue in a good and workmanlike manner and a good faith effort to obtain production in paying quantities with no cessation of operations for more than sixty (60) consecutive days and so long thereafter as there is oil and gas produced in paying quantities. If this Lease is maintained by production in paying quantities, this Lease shall nevertheless terminate as to all depths below 100 feet below the stratigraphic equivalent of the base of the deepest producing formation upon the expiration of the Primary Term or the expiration of continuous operations as defined above, whichever is later. If after the expiration of the Primary Term, this Lease is maintained by production in paying quantities and such production ceases, this Lease will terminate unless Lessee commences operations to reestablish production within sixty (60) days after the cessation of production in which case the Lease will continue in force as long as the operations are continuously conducted with no cessation of more than sixty (60) consecutive days, and if they result in production, so long thereafter as there is production in paying quantities from the Lease. Within sixty (60) days of the complete or partial termination of this Lease, Lessee must file in the county records and furnish to Lessor a release of this Lease. If Lessee fails to timely file a release after sixty (60) days prior written notice from Lessor, Lessor may do so and the release will be binding on Lessee.

7. Pooling. Lessee is hereby granted a limited right to pool or unitize the lands covered by this Lease with other lands, leases, mineral estates or parts thereof for the production of oil and/or gas. All of the acreage covered by this Lease shall be included within any pooled unit. No unit will be larger than 500 acres for a horizontal well or eighty acres for a vertical well.

Lessee shall file a Declaration of Pooled Unit in the county either before or after the completion of the well. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land covered by this Lease. The entire acreage pooled in the unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this Lease. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalties stipulated herein as the amount of Lessor's acreage placed in the unit on an acreage basis bears to the total acreage so pooled in a particular unit involved.

8. Offset Wells. For purposes of this Lease, an "offsetting well" is a well that is producing oil or gas from adjacent or nearby land and is draining the Land. If an offsetting well is completed, Lessee must, within 120 days after the date of first sales from

the offsetting well, commence operations for the drilling of an offset well on the Land and must diligently pursue those operations to the horizon in which the offsetting well is producing, or at the option of Lessee: (i) execute and deliver to Lessor a release in recordable form of the acreage nearest to the offsetting well; or (ii) pay Lessor a monthly royalty equal to the royalty that would be payable under this Lease if the production from the offsetting well had come from the Land. In the event acreage is released pursuant to (i) above, the release will cover a tract of a size and shape that will permit the drilling of a well to the producing formation and the creation of a proration unit surrounding the well in compliance with the field rules for the field in which the offsetting well is located, but if there are no field rules, in compliance with the statewide rules of the Railroad Commission of Texas. A producing well located within 330 feet of the Land will be conclusively presumed to be draining the Land.

9. Surface Operations. Lessee may not use the surface of the Land for any reason but may engage in directional or horizontal drilling activities beneath the Land that are conducted on the surface of other land. Any directional drilling must penetrate the Land sufficiently below the surface as to not interfere with the present or future use of the surface of the Land and in no event may the directional drilling penetrate the Land less than 200 feet below the surface. No drilling or fracturing operations may be conducted within 600 feet of the Land

Lessor must approve of all seismic operations and Lessor may limit the time for conducting seismic operations to avoid conflicting with school activities.

10. Assignments. Lessor is granting rights to Lessee that Lessor would not grant to others. Therefore, prior written approval of Lessor is required for any assignment or sublease of this Lease, such approval not to be unreasonably withheld. All assignments and subleases must require the assignee or sublessee to assume all of Lessee's obligations under this Lease, but Lessee will remain liable for its obligations regardless of any assignment or sublease by it.

11. Force Majeure. Should Lessee be prevented by reason of Force Majeure from complying with any express or implied covenant of this Lease (other than a requirement to pay money), from conducting drilling or reworking operations on the Land, or from producing oil or gas, then while so prevented, that covenant will be suspended; Lessee will not be liable for damages for failure to comply therewith; this Lease will be extended so long as Lessee is prevented from conducting drilling or reworking operations on or from producing oil or gas from the Land; and the time while Lessee is so prevented will not be counted against Lessee. "Force Majeure" means any Act of God, any federal or state law, or any rule or regulation of governmental authority, or other similar cause (other than financial reasons). This paragraph is, however, in all things subject to the limitations of time during which this Lease may be continued in force by the payment of shut-in gas royalties. This Lease may be extended by reason of force majeure for no more than five cumulative years.

12. No Warranties. Lessor makes no warranty of any kind with respect to title to the Land. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Land, and Lessee assumes all risk of title failures. If Lessor owns an interest in the Land less than the entire fee simple estate, then the royalties payable hereunder will be reduced proportionately.

13. Curing Defaults. Should Lessee at any time fail to comply with its obligations hereunder regarding construction, maintenance, or repair within 30 days after written notice from Lessor, Lessor will have the right to do or have done whatever is necessary to fulfill the obligations to its satisfaction, and Lessee shall be liable to Lessor for the reasonable and necessary expenses thus incurred by Lessor, to be paid within ten days after Lessor furnishes to Lessee an itemized written statement of the expenses. If Lessee's default creates a safety hazard or a potential safety hazard, Lessee must alleviate the default immediately.

14. Notices. All notices will be deemed given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States Postal Service, postage prepaid, to Lessor and Lessee at the addresses shown above. Either party may designate a new address by proper notice to the other party.

15. Attorney's Fees. In the event that Lessor is required to employ legal counsel for the enforcement of any provision of this Lease and prevails, Lessor will be entitled to recover from Lessee reasonable attorney's fees and expenses incurred by Lessor.

16. Insurance. At all times while this Lease is in force, Lessee shall acquire and maintain insurance covering all of its activities and operations on the Land, including any work performed on its behalf by contractors, subcontractors, and others, naming Lessor and related individuals and entities designated by Lessor as additional insureds. The policies shall include coverage for comprehensive general liability, for bodily injury and property damage, blowout and loss of well coverage, and coverage for any damage to the environment, including coverage for the cost of clean up and surface remediation. The coverage shall be in the minimum amount of \$5,000,000. Lessee shall furnish a certificate from the issuing insurance company or companies evidencing the coverage.

17. Indemnity. LESSEE AGREES TO INDEMNIFY AND HOLD HARMLESS LESSOR, AND LESSOR'S REPRESENTATIVES, EMPLOYEES, TRUSTEES, VOLUNTEERS, AGENTS, SUCCESSORS, AND ASSIGNS AGAINST ALL EXPENSES, CLAIMS, DEMANDS, LIABILITIES, AND CAUSES OF ACTION OF ANY NATURE FOR INJURY TO OR DEATH OF PERSONS AND LOSS OR DAMAGE TO PROPERTY, INCLUDING, WITHOUT LIMITATION, ATTORNEY FEES, EXPERT FEES, AND COURT COSTS, CAUSED BY LESSEE'S ACTIVITIES AND OPERATIONS ON THE LAND OR LESSEE'S MARKETING OF PRODUCTION FROM

THE LAND OR ANY VIOLATION OF ANY ENVIRONMENTAL REQUIREMENTS BY LESSEE. AS USED IN THIS PARAGRAPH, THE TERM "LESSEE" INCLUDES LESSEE, ITS AGENTS, EMPLOYEES, SERVANTS, CONTRACTORS, AND ANY OTHER PERSON ACTING UNDER ITS DIRECTION AND CONTROL, AND ITS INDEPENDENT CONTRACTORS. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

18. Miscellaneous Provisions. (a) In the event this Lease expires for any reason as to all or any part of the Land, Lessee shall, within 60 days thereafter, furnish Lessor with a written, recordable release covering all of the Land or that portion of the Land to be released.

(b) Nothing in this Lease negates the usual implied covenants imposed upon Lessee.

(c) Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances. Lessee will give Lessor at least fifteen days prior notice in writing before conducting drilling, recompletion, or reworking operations on the Land. Lessee shall furnish to a representative designated by Lessor copies of applications to drill, daily drilling reports, well tests, completion reports, plugging records, and production reports. Lessor has the right, personally or by representative, at Lessor's risk, of access to the derrick floor to observe all operations on all wells drilled on the Land. Lessor will have the right to inspect and take samples of all cores and cuttings and witness the taking of all logs and drill stem tests, and Lessee agrees to furnish Lessor with copies of all logs and surveys taken promptly after taking them. Lessee will divulge to Lessor correct information as requested by Lessor as to each well, the production therefrom, and such technical information as Lessee may acquire. Lessor has the right to be present when wells or tanks are gauged and production metered and has the right to examine all run tickets and to have full information as to production and runs and to receive copies of all run tickets upon request.

(d) The term "production" means production in paying quantities. No obligation of Lessee to pay money under this Lease will be excused or delayed by reason of Force Majeure. Lessee's obligations to pay money under this Lease are to be performed in Tarrant County, Texas. Paragraph headings are used in this Lease for convenience only and are not to be considered in the interpretation or construction of this Lease. The execution or ratification by Lessor of any division order, gas contract, or any other document will not alter any provision of this Lease unless the intent to do so is expressly stated in the document. Under no circumstances may Lessee, its agents, employees, or contractors bring firearms or dogs or other animals on the Land or hunt or fish on the Land. Lessee agrees to furnish to Lessor a copy of each title opinion or report obtained by Lessee that covers all or any part of the Land together with a copy of each title curative document obtained by Lessee.

(e) Lessor shall have the right to inspect all records of Lessee relating to

this Lease, operations conducted on the Lease, the sale and marketing of production from the Lease, and the payment of royalties, including the right to audit Lessee's books insofar as they relate to the foregoing.

(f) No seismic or other geophysical operations may be conducted by Lessee without Lessor's prior written approval.

(g) Lessor may not own all of the minerals underlying the Land. Lessee agrees that it will not drill, conduct operations or participate in drilling or operations which are not in compliance with the terms and requirements of this Lease by claiming authority under the lease or leases covering the outstanding interest.

(h) This Lease is binding upon and for the benefit of Lessor, Lessee, and their respective heirs, personal representatives, successors, and assigns.

(i) Upon Lessor's request, Lessee shall conduct safety programs at Azle ISD school campuses concerning Lessee's operations on or around the Land.

(j) Lessor designates Ray Ivey as its representative for purposes of all notices and receipt of all information required to be sent to the Lessor as provided herein. The Azle ISD superintendent may change the representative upon written notice to Lessee.

19. **Well waiting to be fraced.** If a well is drilled to the Barnett Shale Formation on the Land or acreage pooled therewith and the well has not yet been completed or fractured, the well will be deemed to be capable of producing in paying quantities for purposes of the shut in royalty clause in paragraph 5 above.

20. **Approved by Board Resolution.** The terms and obligations recited herein were approved by resolution of Lessor's Board of Trustees at a duly called and noticed Board meeting held in accordance with the Texas Open Meetings Act on 16 Dec, 2008

Executed on the date first written above.

LESSOR:

AZLE INDEPENDENT SCHOOL DISTRICT

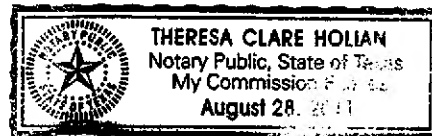
By: [Signature]
Bill Lane
President, Board of Trustees

LESSEE:

XTO ENERGY INC.

By: [Signature] *EL*
Edwin S. Ryan, Jr., Senior Vice
President- Land Administration

STATE OF TEXAS
COUNTY OF TARRANT

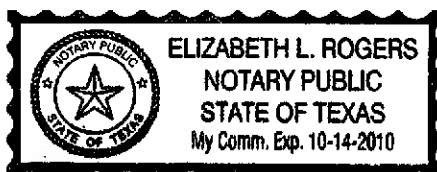


This instrument was acknowledged before me on this 13 day of January, 2009, by Bill Lane as President of Board of Trustees of Azle Independent School District, on behalf of the independent school district.

[Signature]
THERESA CLARE HOLIAN
Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on this 15th day of Jan, 2009 by [Signature], on behalf of said corporation.



[Signature]
Notary Public - State of Texas

EXHIBIT "A"

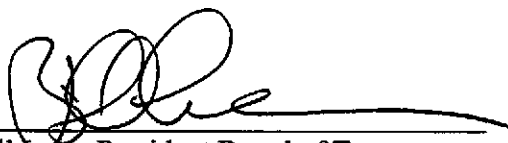
Attached hereto and made a part hereof that certain oil and gas lease dated 13 Jan 2009, by and between Azle Independent School District, as Lessor, and XTO Energy Inc., as Lessee, the following described lands located in Tarrant County, Texas, to-wit:

Tract 1: 10.00 acres, more or less, out of the J. Wilcox Survey #42, Abstract 1726, and being those same lands described in a Warranty Deed dated November 11, 1959 from BCD Development Company to Azle Independent School District recorded thereof in Volume 3739, Page 485, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights

Tract 2: 0.384 acres, more or less, out of the J. Wilcox Survey #42, Abstract 1726, and being those same lands described in a Warranty Deed dated February 9, 1979 from Juanita K. Chambers, Trustee to Azle Independent School District recorded thereof in Volume 6678, Page 934, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights

Tract 3: 0.659 acres, more or less, out of the J. Wilcox Survey #42, Abstract 1726, and being those same lands described in a Warranty Deed dated October 30, 1969 from Chambers Realty Corporation to Azle Independent School District recorded thereof in Volume 4816, Page 69, Deed Records, Tarrant County, Texas and amendments thereof, including streets, easements, and alleyways adjacent thereto, and any riparian rights

SIGNED FOR IDENTIFICATION:

A handwritten signature in black ink, appearing to read 'Bill Lane', with a long horizontal line extending to the right.

Bill Lane, President Board of Trustees
Azle Independent School District

13 January 2009
Date